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Dept. of Finance.

A plan to relieve taxation in the city of New York

New York

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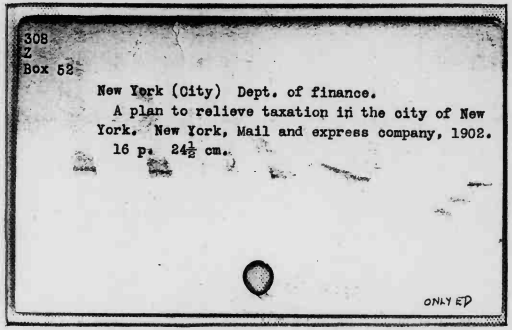
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A PLAN TO RELIEVE TAXATION IN THE CITY OF NEW YORK.

NEW YORK:
MAIL AND EXPRESS COMPANY,
203 BROADWAY,
1902.

DEPARTMENT OF FINANCE,
CITY OF NEW YORK.

EDWARD M. GROUT,
Comptroller.

Department of Finance, City of New York,
September 22, 1902.

Hon. SETH LOW, Mayor:

Sir—I have the honor to transmit herewith a communication made to me by Deputy Comptroller James W. Stevenson, on September 16, of a plan to relieve the City of the undue and excessive burdens of the "Sinking Fund for the Redemption of the City Debt," and of the "Sinking Fund for the Payment of Interest on the City Debt," being the sinking funds for the debt of The City of New York issued prior to January 1, 1898, and to request your consideration thereof preliminary to its submission to the Corporation Counsel, the Sinking Fund Commissioners, the Board of Estimate and Apportionment, and to such representatives of public bodies, banking houses and dealers in city bonds as may be selected to advise with the City authorities before application is made for legislative action. The plan has been carefully examined by all the gentlemen in this Department who have especial legal or financial acquaintance with the constitution of these sinking funds, and we are disposed to believe that what is proposed is legally possible and financially sound, as well as a complete remedy for the concededly excessive burden of these funds upon the taxpayers of the City.

I transmit also a statement prepared by Chief Bookkeeper Joseph Haag, showing the various sinking funds of the City, and the assets, resources and liabilities of each. These funds are ten in number, and the pertinent point concerning each of them is the resources which maintain them. Three of these funds were established by the old City of New York, two under the present charter, and the other five came from the former City of Brooklyn and Long Island City. As to resources, all ten subdivide into two classes, one consisting of those having specific revenues, and the other of those sustained by an annual installment, raised by taxation, and sufficient, with accruing and compound interest, when raised annually, to meet

the principal of the debt. There is no possible question that the latter class of sinking fund is safe, exact, sufficient and scientific, giving to the creditor full security and imposing on the taxpayer and the city no needless burden. The sinking fund created by the present charter for the liquidation of the debt incurred by the Greater New York is entirely of this character; the sinking fund required by the State Constitution for bonds issued for water supply is also substantially of this character; and other than an unimportant fund derived from Long Island City, and slight and unimportant variations in the Brooklyn funds, all our sinking fund resources are of this approved and satisfactory kind except the sinking funds for the redemption of the debt and for the payment of interest thereon of the former City of New York. These funds are maintained by the pledge of the revenues of the City from its docks, its water system, its license and franchise fees, etc.; and so have these revenues increased beyond expectation that this year they, with interest on the bonds held as investments by the sinking fund for redemption, will add to the fund nearly eight and one-half million dollars more than would be required under the scientific and sufficient method of the required annual installment, and on the expiration of the obligations in 1928 will leave a surplus estimated (and probably underestimated) by former Deputy Comptroller Levey at a little less than three hundred millions. It is this which is the sinking fund problem of the City, the so-called burden of the sinking fund, which results in adding this enormous sum of over eight millions of dollars each year to the tax levy and in reducing the debt by a corresponding amount beyond the normal requirements of liquidation. Were the normal method possible here all these revenues would go to the General Fund for the Reduction of Taxation, and the taxation would be reduced this year by about $8,500,000, yet the sinking fund would be fully maintained and be able to meet every obligation in full.

The contractual terms of the law of 1878 have heretofore prevented this, and however unneeded the contract may now be for the security of bondholders, The City of New York is bound by law and cannot afford the reproach of breaking its agreement. But the obligation is also that the assets of the fund shall be invested in stocks or bonds of The City of New York, and Mr. Stevenson suggests the creation of new securities, the proceeds of which shall be paid into the General Fund for the Reduction of Taxation, and which shall be issuable only to the Sinking Fund Commissioners, and only to the annual amount by which the revenues of this fund exceed its normal, safe, sufficient and scientific annual installment. The net result to the taxpayers is the same as if the whole fund were put upon this basis, approved by the present charter and by the State Constitution. The method, it is true, is circuitous, but necessarily so, and though the annual budget would not thereby be reduced, the fund for the reduction of taxation would be, and the amount of the annual tax levy would thereby be reduced, so that the result would be the same as by the modern and scientific method. The terms of the contract are also exactly observed, for every pledged revenue is continued as pledged, and the

securities of the Sinking Fund are of the required kind, that is, stocks and bonds of the City. Nor does there seem to me to be any financial objection other than the objection, applicable to all of our sinking funds, arising from the absurdity of securing creditors by investing a sinking fund in the obligations of the debtor.

Mr. Stevenson suggests, as a possible criticism, that it will be said that the new bonds are bonds issued to meet current expenses. This was my own first thought as an objection, and will probably be the first impression generally made. But it is not the fact. If the present conditions are continued uncharged the taxpayers of 1929 will get a sudden relief in taxation of over sixteen millions (for to such sum will the annual revenues have then increased), and will have suddenly canceled over three hundred millions of Corporate Stock, the surplus held by the Sinking Fund Commissioners. But this is a relief to them obtained only by the addition needlessly to our annual burdens of a sum which now exceeds eight millions and which is yearly growing. This plan apportions justly this relief to the taxpayers before 1929. It will put the surplus of the Sinking Fund entirely into the General Fund bonds, resulting in its practical distribution to the taxpayers yearly by reducing the levy, and there will be no sudden change in 1929. If a power to issue bonds, the proceeds of which should go to the General Fund for the Reduction of Taxation, were created broadly and without limitation, then the plan would be objectionable, for that would be borrowing to meet annual expenses. But this proposed issue of General Fund bonds is carefully limited. They may be issued only to the Sinking Fund Commissioners, and only to the amount by which the annual income of the fund exceeds its legitimate requirements. It is thus not a power to borrow on bonds for annual maintenance, but only a power to use annually a certain excess in the Sinking Fund, applying it to its normal purpose and to give to the fund in exchange the stipulated security. The credit of the City cannot be hurt by such a course, for the contract terms are in no respect violated, but strictly observed, and the creditors secured by this Sinking Fund have preserved to them all the revenues and all the securities which the contract calls for. The truth is that sinking funds such as exist in the City of New York, the assets of which are invested wholly in the obligations of the City, are only in name and in tradition any security to the bondholders of the City, for all that the bondholder really has, however replete the Sinking Fund may be, is the faith and credit of the City itself. The sinking funds are not then in reality for the security of the bondholder, who needs nothing of the sort, having, as his more than abundant security, the assets of the City itself and all the taxable property within the City, and the lawful power to compel taxation to pay him. Our sinking funds are in effect only devices for the liquidation, year by year, of debts incurred in the past. The real purpose and effect is to distribute the burden of payment among the taxpayers during the entire period of the debt, and such distribution of burden should be equitable. It is just in this respect that this Old Sinking Fund fails and so overburdens the tax-

payer of to-day. It is so constituted that the taxpayers of the next few years will practically pay off the full amount charged on this fund, and the taxpayers succeeding them will, at an increasing rate, accumulate a surplus for the fortunate taxpayer of 1929.

Should the plan proposed be adopted, it is safe to predict that the revenues of the City, now buried in the sinking funds, will greatly increase. The Board of Estimate and Apportionment last spring refused the Commissioner of Water Supply a certain increased appropriation payable out of taxation, with which, could he have obtained it, he undoubtedly would have produced many times its amount in increase of revenues. The reason for the refusal was that the increased revenues would go to the surfeited sinking fund, while the price to be paid would add to the burden of taxation. It was not worth while. If, however, these revenues can be applied to the reduction of taxation, there will then be not only reason to grant such requests as this, but a constant incentive upon City officials to get always the best possible returns from docks, water supply, franchises, vault privileges, and the like. A great increase would inevitably follow, and annual taxation would eventually be reduced by much more than the eight and a half millions which can now be freed for this purpose.

Respectfully,

EDWARD M. GROUT, Comptroller.

City of New York—Department of Finance,
Comptroller's Office, September 16, 1902.

Hon. EDWARD M. GROUT, Comptoller:

Sir—I submit herewith a plan for amendments to the Greater New York Charter, intended to correct the defects in the Sinking Fund system of New York City.

The defects and their causes, as I understand them, are:

1st. In 1878 in an emergency (or an alleged emergency), the State Legislature provided, in chapter 383, that the fund known as the "Sinking Fund of The City of New York for the Redemption of the City Debt" (which I will hereafter refer to as the Sinking Fund), should be continued and that "all moneys and revenues of said City heretofore pledged and appropriated to and constituting and founding the said Sinking Fund shall continue to be, and the same are hereby pledged and appropriated to said fund until all of said bonds and stocks of the said City shall be fully and finally redeemed."

This act further included a section to the effect that between New York City and its bond holders there should be deemed to be a contract that the revenues

so described should be paid into the Sinking Fund until all the obligations of that fund were redeemed.

2d. The Greater New York Charter provides that Corporate Stock issued subsequent to consolidation (January 1, 1898), shall be paid after maturity from a fund maintained by annual installments raised from taxation, thus providing that none of the revenues of the Sinking Fund, such as dock rents, shall be used to pay off Corporate Stock or pay interest thereon, which was issued for building docks or for other purposes, but all these revenues must be maintained separately for extinguishing bonds issued prior to consolidation.

3d. The revenues thus pledged are so much in excess of the proportionate annual amount necessary to meet the obligations of the fund that in 1928, when the final obligation is due, it is estimated that there will be on hand in that fund nearly three hundred million dollars in excess of the amount required to redeem its obligations. The excess this year is $8,465,106.80.

If the present system is pursued this three hundred million dollars will be invested chiefly in Corporate Stock of The City of New York, and according to law it will then (1928) be canceled (section 206, Greater New York Charter). As a result, the collection from taxpayers of annual amortization installments and interest charges on three hundred million dollars will cease in 1929, and the budget of that year will be some sixteen million less than the year previous. This is a delightful prospect for the taxpayers of 1929, but concededly it would be better if taxpayers of the present day were to get some of the benefits of their revenue-producing municipal properties by proper provision that revenues in excess of those needed to meet future maturing obligations, should, as any business house would do, be applied to present obligations. The common sense way would be to provide that, after a sufficient amount had been set aside each year to meet the annual requirements for paying all bonds to be redeemed by the Sinking Fund at maturity, the balance should be turned into the City Treasury to reduce taxation.

The sanctity of a contract intervenes, however—the contract made for the City in 1878 by the Legislature and reintroduced into the Greater New York Charter, by which all the pledged revenues of the Sinking Fund shall be paid into it until all its obligations are canceled. But that contract in effect continued in force the Sinking Fund Ordinances of 1844, which provide that the surplus of the Sinking Fund shall be invested (except under certain conditions when State or United States Bonds may be bought), in "stocks" created by the corporation of The City of New York. It will not be questioned, I think, that so long as this is done, the contract is observed. Heretofore, however, all such stocks in which Sinking Fund revenues have been invested have been the ordinary stocks or bonds of the City, the proceeds of which have been used to make improvements. The borrowing capacity of the City has thus been increased at the expense of an equal increase in the tax levy.

So far as the Sinking Fund has been normal and scientific in amount, that is, so far as it has consisted only of the sum necessary for the redemption of its obligations, this result above noted is correct and proper. But we are dealing with the excess of the Sinking Fund, this year the sum of $8,465,106.80, a sum which is needlessly (except for the contract) added to the burden of taxation, when, by all fair considerations, it should (except again for the contract) go into the General Fund for the Reduction of Taxation.

If this proper destination of this excess can be accomplished within the terms of the contract and without the City incurring the reproach of a breach of contract, taxation can be relieved of this enormous sum annually. The essence of the contract is that these revenues go into the Sinking Fund and that its assets may be invested in Corporate Stock of the City.

The situation may be adequately met by the creation of a new class of securities, to be issued only for Sinking Fund investments to the amount of its excess revenues, and the proceeds of which new class of stock shall go into the General Fund.

Provide, first, and in iron-clad terms, that each year a sufficient sum shall be set aside, which, as the years go by, with accruing interest, will cancel all obligations at maturity. Let the balance each year be invested in a stock to be described as "General Fund Bonds," the proceeds of which shall, as every one concedes this surplus should, be used to reduce taxation. These General Fund Bonds must be an obligation of The City of New York the same as all other bonds issued by the City until the time when the Sinking Fund is wiped out (1928). Then they should, without cost to the City, be canceled. By this the contractual obligation of 1878 is kept inviolate—that is, every dollar of the Sinking Fund is invested in a New York City bond. True the unnecessary accumulations are invested in bonds which are wiped out at maturity without payment, but so also will corporate stock be canceled when the Sinking Fund is terminated in 1928. This provision is so important that I quote from section 206 of the Greater New York Charter, as follows:

" * * * Whenever the bonds and stocks outstanding on December thirty-first, eighteen hundred and ninety-seven, and being charges or liens on any of the sinking funds hereby made subject to the control of the Commissioners of the Sinking Fund, shall in respect to any such sinking fund be wholly discharged, liquidated or canceled, it shall thereupon be lawful for the Commissioners of the Sinking Fund to cancel such bonds of the Corporation of The City of New York issued on or after January first, eighteen hundred and ninety-eight, as may be held by such sinking fund, and the revenues of such sinking fund when thus relieved of such liens or charges shall thereupon and thereafter be paid into the Sinking Fund of The City of New York, as herein created. Whenever such payments shall be made, the Comptroller in making the certificate to the Board of Estimate and Apportionment by this section required shall take into account the amount thereof, and deduct the same from the estimated amount to be included in each year's Budget as herein provided." * * *

It will be seen, therefore, that by providing for the cancellation of General Fund bonds when the Sinking Fund is wiped out, no precedent is created. All that is done is to cancel bonds, the proceeds of which were used to reduce taxation, instead of cancelling bonds, the proceeds of which were used for the making of permanent improvements, the cost of which, according to the system of financiering adopted by all cities and governments, should be distributed over an extended period of years.

The method is simple. It can best be illustrated by taking the present year as an example. If a provision such as I suggest were in force, the Sinking Fund Commission would have certified to the Board of Aldermen last May as follows:

Estimated revenues of Sinking Fund during the year 1902.....	$10,500,000 00
Amortization amount necessary to be set aside to provide for paying all the obligations of the Sinking Fund at maturity.....	2,034,893 20
Available for investment in General Fund Bonds to reduce taxation..	8,465,106 80

While the amount available for investment by the Sinking Fund to reduce taxation this year would be $8,465,106.80, which would decrease every taxpayer's bill about 10 per cent., there would be in subsequent years a great increase over this amount. This would be due, not only to the fact that the net Sinking Fund revenues are increasing rapidly (1898, $8,225,791.18; 1899, $9,134,968.22; 1900, $9,440,579.04; 1901, $10,024,872.57), but also to the fact that as Sinking Fund obligations are paid off, the annual amortization amounts retained by the Sinking Fund will decrease. (The amortization amount required to be set aside annually in the years 1902 to 1916 inclusive is $2,034,893.20; from 1917 to 1928 inclusive, varying amounts from $1,687,018.61 in 1919 to $42,987.40 in 1928).

It may be of interest to add that the holdings, including cash, of the Sinking Fund on January 1, 1902, were $89,120,974.56, and that the obligations it must meet between now and its termination in 1928, are $149,322,792.23, so that the amortization amounts to be annually set aside in the next twenty-six years will be in the aggregate $38,436,521.90 (allowance being made for interest that will accrue on such amortization reserves).

The only criticism which can be made of this plan is that it is bad in principle to issue a bond to meet current expenses. This would be true, except that the bond is redeemable out of and charged against an ascertained and known surplus, and the contingency of its becoming payable in any other way is impossible by the terms of the proposed amendment to the Charter, which provides for the reserve annually of the necessary requirements for amortization. The only purpose of the plan is to

provide that the Sinking Fund surplus shall be invested in bonds that are legal liens on the City till its obligations imposed by the Act of 1878 are otherwise met, and during that interim pledge the credit of the City to meet obligations which are otherwise amply provided for, but which must, under the contract of 1878, have this further safeguard.

As for the holders of bonds issued prior to 1898, who represent the only interests having any purpose in maintaining the contract of 1878, there is this safeguard: A general fund bond will be of the same kind as any New York City bond. The City shall be obliged to redeem it at par till relieved of that obligation in 1928, when the Sinking Fund is wiped out. Then, and not till then, shall the general fund bonds be canceled. At that time the second party to the contract of 1878—the bondholder—has lost his material interest in it.

Respectfully,

JAMES W. STEVENSON, Deputy Comptroller.

SUGGESTIONS FOR AMENDMENTS TO THE GREATER NEW YORK CHARTER.

At least four weeks before the annual meeting of the Board of Aldermen in each year for the purpose of imposing the annual taxes, the Sinking Fund Commission shall certify to the Board of Aldermen the estimated amount of revenues of the "Sinking Fund of The City of New York for the Redemption of the City Debt," during the current calendar year, including the estimated amount transferred or to be transferred to the "Sinking Fund of The City of New York for the Redemption of the City Debt," from the "Sinking Fund of The City of New York for the Payment of the Interest Accruing and to Accrue upon the Stocks of said City until the same be fully and finally Redeemed." The Sinking Fund Commission shall also, at the same time, certify to the Board of Aldermen a sum which, with the accumulations of interest theron, shall be sufficient, when made annually, on the same basis, to meet and discharge, when due, all bonds and stocks redeemable from the "Sinking Fund of The City of New York for the Redemption of the City Debt." The difference between said sum and the estimated revenues of the "Sinking Fund of The City of New York for the Redemption of the City Debt," shall, during the current year as required, be invested by the Sinking Fund Commission, in the behalf of the "Sinking Fund of City of New York for the Redemption of the City Debt," in bonds to be known as "General Fund Bonds," the proceeds of which shall be paid into the City Treasury and to be used for the reduction of taxation. The Comptroller is hereby authorized to issue said bonds and to apply the proceeds as aforesaid. Said bonds shall be issued only to the Sinking Fund Commission and shall be canceled at the

time when all the bonds and stocks outstanding against the "Sinking Fund of The City of New York for the Redemption of the City Debt" have been paid.

It shall not be necessary to make any payment into the "Sinking Fund of The City of New York for the Redemption of the City Debt" at the time of the cancellation of said General Fund Bonds, provided all the stocks and bonds payable from the "Sinking Fund of The City of New York for the Redemption of the City Debt" have then been paid, or an offer to redeem such stocks and bonds has been made, and sufficient funds to do so retained to the credit of the "Sinking Fund of The City of New York for the Redemption of the City Debt."

If, in any year, the Sinking Fund Commission determines that the revenues of the "Sinking Fund for the Redemption of the City Debt" shall not be sufficient to provide a sum, which, with the accumulations of interest thereon, shall be sufficient when made annually on the same basis, to meet and discharge when due all bonds and stocks redeemable from the "Sinking Fund of The City of New York for the Redemption of the City Debt," as required by section —— of this act, there shall be included in the amount to be raised from taxation a sum sufficient when added to the estimated revenues for the current year of the "Sinking Fund of The City of New York for the Redemption of the City Debt" to provide the required amount as aforesaid.

This amount raised from taxation shall be paid into the "Sinking Fund of The City of New York for the Redemption of the City Debt," and General Fund Bonds to that amount shall thereupon be canceled.

It is hereby declared that the faith and credit of The City of New York is pledged to the redemption of all General Fund Bonds at their par value until all the stocks and bonds outstanding against the "Sinking Fund of The City of New York for the Redemption of the City Debt" have been redeemed.

STATEMENT SHOWING THE LIABILITIES, ASSETS AND RESOURCES OF THE SEVERAL SINKING FUNDS OF THE CITY OF NEW YORK:

Sinking Fund for the Redemption of the City Debt No. 1 (of the old City of New York).

Bonds and stocks outstanding at January 1, 1902 payable from this fund		$149,322,792 23
Its assets consist of investments in stocks and bonds, viz.		
Payable by itself	$50,376,569 61	
Payable by Sinking Fund No. 2 (being the Water Sinking Fund of the former City of New York)	1,896,500 00	

Payable by Sinking Fund of The City of New York (created by the Greater New York Charter)		20,502,635 00
Payable by Water Sinking Fund of the City of New York (created by the Greater New York Charter)		631,343 00
Payable from assessments for local improvements.		9,315,608 19
Payable from Taxation:		
Revenue bonds of 1901	$5,000,000 00	
Special Revenue Bonds payable in 1902	391,995 37	
		5,391,995 37
Total investments		$88,114,651 17
Cash balance		1,006,323 39
Total assets		89,120,974 56
Net liability of this fund at January 1, 1902		$60,201,817 67

The resources of this fund consist of various revenues pledged to it by ordiances and statutes, such as dock and slip rent, interest on deposits, licenses, market rents, railroad franchises, permits for street vaults and the income from the investment thereof, which revenues and income amounted during the year 1901 (including the transfer of $3,000,000 surplus revenue of the Sinking Fund for the Payment of Interest on the City Debt) to $9,727,083.34.

This Sinking Fund is the only Sinking Fund, with the exception of the Sinking Fund for the Payment of Interest on the City Debt, the Water Sinking Fund of the City of Brooklyn and the Sinking Fund of Long Island City for the Redemption of Revenue Bonds, which is not supplied annually by installments raised by taxation to meet obligations payable therefrom.

A calculation based upon the net liabilities of this fund, i. e., the difference between the total liability thereof and the bonds and stocks held by it as investments, and for which it is liable; also taking into consideration its assets in excess of those last mentioned, and which consist of stocks and bonds payable to it by other Sinking Funds, from assessments for local improvements and by taxation, shows that an annual installment raised by taxation of $2,034,893.20 in the years 1902 to 1916, inclusive, and installments in 1917 to 1928, inclusive, varying in amount from $1,687,018.61 in 1917 to $42,087.40 in 1928, will be sufficient to enable this fund to meet its

entire obligations. If this course were pursued with relation to this fund the entire revenues pledged to it, plus the surplus revenues of the Sinking Fund for the Payment of Interest on the City Debt, could be diverted to the General Fund of the City for the Reduction of Taxation.

Sinking Fund for the Redemption of the City Debt No. 2. (The Water Sinking Fund of the Old City of New York.)

Bonds and stocks outstanding at January 1, 1902, payable from this fund		$41,977,000 00
Its assets consist of investments in stocks and bonds amounting to	$23,357,475 71	
Cash balance	86,712 79	
Total assets		23,444,188 50
Net liability of this fund at January 1, 1902		$18,532,811 50

The resources of this fund consist of annual installments raised by taxation sufficient in amount with the accumulation of interest thereon at 3 per cent. per annum to meet its liability.

Sinking Fund for the Payment of Interest on the City Debt (of the old City of New York).

The liability of this fund at January 1, 1902, consists of interest on stocks and bonds payable from this Sinking Fund under the laws authorizing their issue, which interest amounted in 1901 to	$33,820 00	
And interest on bonds and stocks issued prior to January 1, 1898, held as investment by the Commissioners of the Sinking Fund, which interest in 1901 amounted to	2,641,988 99	
		$2,675,808 99
The cash balance to the credit of this fund at January 1, 1902, was		$810,801 75

The resources of this fund consist of various revenues pledged to it by ordinances and statutes, such as court fees and fines, Croton water rent, ferry rent and house rent, etc., which in 1901, amounted to $6,001,694.48.

The surplus revenues of this fund are by law transferred to the Sinking Fund for the Redemption of the City Debt No. 1 (old City of New York). The amount thus transferred in 1901 was $3,000,000.00.

Sinking Fund of The City of New York (Created by the Greater New York Charter).

Bonds and stocks outstanding at January 1, 1902, payable from this fund		$91,402,167 05
Its assets consist of investments in stocks and bonds amounting to	$2,480,616 58	
Cash balance	11,514 52	
Total assets		2,492,131 10
Net liability of this fund at January 1, 1902		$88,917,035 95

The resources of this fund consist of annual installments raised by taxation sufficient in amount with the accumulation of interest thereon at three per cent. per annum to meet its liability.

Water Sinking Fund of The City of New York.

(Created by the Greater New York Charter.)

Bonds and stocks outstanding at January 1, 1902, payable from this fund		$13,774,343 00
Its assets consist of investments in stocks and bonds amounting to	$681,070 00	
Cash balance	20,345 12	
Total assets		701,415 12
Net liability of this fund at January 1, 1902		$13,072,927 88

The resources of this fund consist of annual installments raised by taxation sufficient in amount with the accumulation of interest thereon at 3 per cent. per annum, to meet its liability.

Sinking Fund of the City of Brooklyn.

(Of the Old City of Brooklyn.)

Bonds and stocks outstanding at January 1, 1902, payable from this fund		$18,088,567 41
Its assets consist of investments in stocks and bonds (including bonds and mortgages on east side park lands, amounting to $94,318)	$7,354,984 60	
Cash balance	557,811 68	
Total assets		7,912,796 28
Net liability of this fund at January 1, 1902		$10,175,771 13

The resources of this fund consist of annual installments raised by taxation, sufficient in amount with the accumulation of interest thereon to meet its liability, and in addition thereto, the income from bonds and mortgages held by the City which are liens upon so-called "East Side Park Lands," assessments collected for account of Prospect Park, and its share of surplus revenue of the New York and Brooklyn Bridge.

Water Sinking Fund of the City of Brooklyn.

(Of the Old City of Brooklyn.)

Bonds and Stocks outstanding at January 1, 1902, payable from this fund		$14,088,749 76
Its assets consist of the cash balance to the credit of the fund at January 1, 1902		1,419,955 15
Net liability of this fund at January 1, 1902		$12,668,794 61

The resources of this fund consist of water revenue collected in the Borough of Brooklyn in excess of the amount thereof required for the payment of interest on water bonds issued for account of the Brooklyn water system and the annual cost of the maintenance and distribution of said system.

This surplus revenue judging from past experiences will be more than sufficient to meet the obligations of this Sinking Fund.

Sinking Fund of Long Island City for the Redemption of Revenue Bonds.

Bonds and Stocks outstanding at January 1, 1902, payable from this fund..		$610,000 00
Its assets consist of investments in stocks and bonds amounting to	$505,000 00	
Cash balance	12,270 65	
		517,270 65
Net liability of this fund at January 1, 1902		$92,729 35

The resources of this fund consist of the amounts collected on account of arrears of taxes in Long Island City imposed prior to 1896, which will be more than sufficient to enable this fund to meet its obligations.

Sinking Fund of Long Island City for the Redemption of Fire Bonds.

Bonds and stocks outstanding at January 1, 1902, payable from this fund	$35,000 00	
Its assets consist of cash balance to the credit of the fund at January 1, 1902	9,467 32	
Net liability of this fund at January 1, 1902		$25,532 68

The resources of this fund consist of an annual installment raised by taxation sufficient with its accumulations of interest to meet its obligations.

Sinking Fund of Long Island City for the Redemption of Water Bonds.

Bonds and stocks outstanding at January 1, 1902, payable from this fund	$19,000 00	
Its assets consist of cash balance to the credit of this fund at January 1, 1902	6,238 04	
Net liability of the fund at January 1, 1902		$12,761 96

The resources of this fund consist of annual installments raised by taxation sufficient in amount with its accumulations of interest to meet its obligations.

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